

Government Receipts and Expenditures

Estimates for the Third Quarter of 2006

NET government saving, the difference between current receipts and current expenditures of the Federal Government and state and local governments, was -\$171.7 billion in the third quarter of 2006, decreasing \$34.8 billion from -\$136.9 billion in the second quarter.

Net Federal Government saving was -\$169.7 billion in the third quarter, decreasing \$6.6 billion from -\$163.1 billion in the second quarter (see page 12). Current receipts accelerated, and current expenditures decelerated.

Net state and local government saving was -\$2.0 billion in the third quarter, decreasing \$28.1 billion from \$26.1 billion in the second quarter (see page 13). Current receipts decelerated, and current expenditures accelerated.

Net borrowing was \$338.1 billion in the third quarter and \$300.3 billion in the second quarter. Federal Government net borrowing was \$227.1 billion in the third quarter and \$216.0 billion in the second quarter. State and local government net borrowing was \$111.0 billion in the third quarter and \$84.3 billion in the second quarter.

Chart 1. Government Fiscal Position

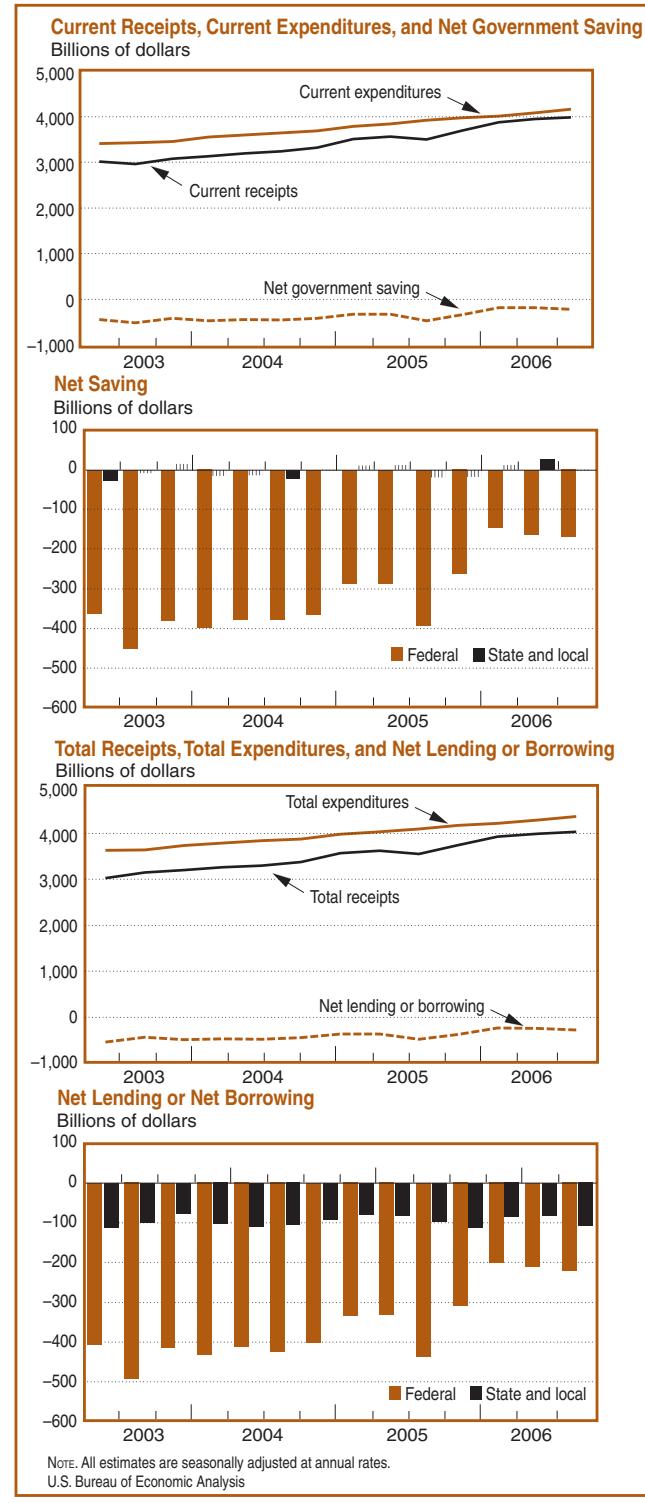


Table 1. Net Government Saving and Net Lending or Net Borrowing
[Billions of dollars, seasonally adjusted at annual rates]

	Level		Change from preceding quarter		
	2006		2006		
	III	IV	I	II	III
Current receipts	4,001.6	194.1	182.6	66.5	40.0
Current expenditures	4,173.3	59.5	36.0	69.3	74.7
Net government saving	-171.7	134.6	146.5	-2.6	-34.8
Federal	-169.7	132.4	116.6	-16.1	-6.6
State and local.....	-2.0	2.1	29.9	13.4	-28.1
Net lending or net borrowing (-) ...	-338.1	113.8	136.7	-5.5	-37.8
Federal	-227.1	129.3	110.5	-9.9	-11.1
State and local.....	-111.0	-15.5	26.2	4.4	-26.7

Federal Government

Table 2. Federal Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level	Change from preceding quarter				
	2006		2006			
	III	IV	I	II	III	
Current receipts	2,562.2	167.4	141.1	32.3	39.0	
Current tax receipts	1,581.7	64.2	96.5	28.3	28.5	
Personal current taxes.....	1,067.0	27.4	70.8	10.7	17.1	Personal current taxes accelerated, reflecting an acceleration in withheld income taxes.
Taxes on production and imports	100.9	-0.8	-0.5	1.9	-2.1	Taxes on production and imports turned down, reflecting a downturn in telephone excise taxes that resulted from the elimination of the long-distance telephone excise tax that took effect in August.
Taxes on corporate income	402.1	37.6	27.2	15.1	12.7	
Taxes from the rest of the world	11.7	0.0	-1.0	0.5	0.8	
Contributions for government social insurance	923.3	10.6	38.1	2.2	9.2	Contributions for government social insurance accelerated, reflecting an acceleration in contributions by employers, employees, and the self-employed for social security.
Income receipts on assets.....	25.1	-0.5	1.0	0.9	0.9	
Current transfer receipts	33.6	92.3	1.6	0.6	0.8	
Current surplus of government enterprises	-1.5	0.6	4.0	0.3	-0.4	
Current expenditures.....	2,731.9	34.8	24.6	48.3	45.7	
Consumption expenditures.....	808.8	-13.2	32.5	-1.3	6.5	Nondefense consumption expenditures turned up. The upturn was accounted for by an upturn in spending for hurricane relief.
National defense	539.0	-14.0	20.8	0.0	1.3	
Nondefense	269.8	0.8	11.7	-1.3	5.2	
Current transfer payments	1,566.7	21.1	19.6	24.6	20.1	
Government social benefits.....	1,175.6	8.9	52.1	17.6	9.2	Government social benefits to persons decelerated, reflecting decelerations in benefits for social security and for the Medicare prescription drug program.
To persons.....	1,172.2	8.8	52.0	17.6	9.1	
To the rest of the world.....	3.4	0.1	0.0	0.1	0.1	
Other current transfer payments.....	391.1	12.2	-32.4	7.0	10.8	Grants-in-aid to state and local governments accelerated, reflecting an acceleration in Medicaid grants.
Grants-in-aid to state and local governments	365.6	4.9	-15.5	5.7	8.6	
To the rest of the world.....	25.5	7.3	-16.9	1.2	2.3	
Interest payments	304.9	21.9	-19.6	27.9	19.5	Interest payments decelerated. The deceleration was attributable to a slowdown in interest payments on the public debt; in the second quarter, interest payments were boosted by an upturn in interest paid on Treasury Inflation Protected Securities.
Subsidies	51.6	5.0	-8.0	-2.8	-0.3	
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	
Net Federal Government saving.....	-169.7	132.4	116.6	-16.1	-6.6	
Social insurance funds	44.7	4.5	-12.3	-13.6	2.1	
Other.....	-214.4	128.0	128.8	-2.5	-8.7	
Addenda:						
Total receipts	2,588.7	168.8	143.6	31.2	37.8	
Current receipts	2,562.2	167.4	141.1	32.3	39.0	
Capital transfer receipts	26.5	1.4	2.5	-1.1	-1.2	
Total expenditures.....	2,815.8	39.5	33.1	41.1	48.9	
Current expenditures.....	2,731.9	34.8	24.6	48.3	45.7	
Gross government investment	117.9	3.6	3.1	-0.8	0.5	
Capital transfer payments	70.1	-0.5	7.2	-2.8	0.9	
Net purchases of nonproduced assets	0.8	2.3	0.2	-2.5	3.1	
Less: Consumption of fixed capital	105.0	0.9	1.7	1.3	1.3	
Net lending or borrowing (-)	-227.1	129.3	110.5	-9.9	-11.1	

Federal Government Estimates

Estimates of Federal Government current receipts, current expenditures, and net Federal Government saving are based on data from the Federal budget, from the *Monthly Treasury Statement* and other reports from the Department of the Treasury, and from other Federal Government agencies. Total receipts, total expenditures, and net lending or net borrowing, which are alternative measures of the Federal fiscal position, are based on these same sources.

Quarterly and annual estimates are published monthly in NIPA table 3.2. Detailed annual estimates of these transac-

tions by component are published annually in NIPA tables 3.4–3.8, 3.12, and 3.13. Detailed quarterly estimates are available in underlying NIPA tables at <www.bea.gov/bea/dn/nipaweb/nipa_underlying/Index.asp>.

Each year, BEA prepares an article that compares NIPA estimates and the Federal budget.¹ For a historical time series of this comparison, see NIPA table 3.18B.

1. See Benjamin A. Mandel and Mary L. Roy, "Federal Budget Estimates for Fiscal Year 2007," SURVEY OF CURRENT BUSINESS 86 (March 2006): 12–22.

State and Local Government

Table 3. State and Local Government Current Receipts and Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level	Change from preceding quarter				
		2006		2006		
		III	IV	I	II	III
Current receipts	1,805.0	31.8	25.8	40.1	9.5	
Current tax receipts	1,241.9	19.7	35.0	32.0	-1.4	Personal current taxes turned down. The downturn was attributable to a downturn in state income taxes.
Personal current taxes	298.6	5.3	14.1	17.7	-12.5	
Taxes on production and imports	872.3	7.8	15.7	11.9	9.0	Taxes on production and imports decelerated, reflecting a deceleration in sales taxes.
Taxes on corporate income	70.9	6.6	5.1	2.4	2.1	
Contributions for government social insurance	24.7	-0.1	-0.4	-0.1	0.0	
Income receipts on assets	78.1	0.7	0.4	0.7	0.7	
Current transfer receipts	468.8	-2.2	-9.3	7.8	10.5	The acceleration in Federal grants-in-aid reflected an acceleration in Medicaid grants.
Federal grants-in-aid	365.6	4.9	-15.5	5.7	8.6	
Other	103.2	-7.2	6.3	2.0	2.0	
Current surplus of government enterprises	-8.5	13.8	0.1	-0.4	-0.3	
Current expenditures	1,807.0	29.6	-4.1	26.7	37.6	Consumption expenditures decelerated, reflecting a slowdown in spending for nondurable goods. The slowdown can be attributed to a deceleration in spending for petroleum products.
Consumption expenditures	1,298.0	25.6	12.8	24.5	17.3	
Government social benefits	411.0	2.8	-16.9	1.3	19.3	Government social benefits accelerated sharply, reflecting an acceleration in Medicaid spending.
Interest payments	97.6	1.3	0.0	0.8	1.0	
Subsidies	0.4	0.0	0.0	0.0	0.0	
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	
Net state and local government saving	-2.0	2.1	29.9	13.4	-28.1	
Social insurance funds	5.5	-0.4	-0.6	-0.4	-0.3	
Other	-7.5	2.6	30.5	13.9	-27.9	
Addenda:	.....	.....	.....	.....	.....
Total receipts	1,863.0	31.1	27.7	40.4	11.5	
Current receipts	1,805.0	31.8	25.8	40.1	9.5	
Capital transfer receipts	58.0	-0.6	1.8	0.4	2.0	
Total expenditures	1,974.0	46.6	1.4	36.1	38.2	
Current expenditures	1,807.0	29.6	-4.1	26.7	37.6	
Gross government investment	316.1	5.3	7.7	11.8	2.6	
Capital transfer payments .....	.....	.....	.....	.....	.....
Net purchases of nonproduced assets	12.3	0.2	0.2	0.2	0.1	
Less: Consumption of fixed capital	161.4	-11.6	2.4	2.5	2.2	
Net lending or borrowing (-)	-111.0	-15.5	26.2	4.4	-26.7	

Estimates of State and Local Government Receipts and Expenditures

The estimates of state and local government current receipts and expenditures and total receipts and expenditures are mainly based on compilations of data for state and local government finances. The Census Bureau produces the primary source data: The quinquennial census of governments in years that end in a 2 or a 7 and the *Government Finances* series of surveys for the other years. In addition, other sources of Census Bureau data are from the *Quarterly Summary of State and Local Government Tax Revenue* and the monthly *Value of Construction Put in Place*. Data sources from the Bureau of Labor Statistics include the Quarterly Census of Employment and Wages and employer cost for employee compensation.

Quarterly and annual estimates are available monthly in NIPA table 3.3. Detailed annual estimates of state and local government transactions by component are available

annually in NIPA tables 3.4–3.8, 3.12, and 3.13. Detailed quarterly estimates are available in underlying NIPA tables at <www.bea.gov/bea/dn/nipaweb/nipa_underlying/Index.asp>. For a historical time series of reconciliations of the NIPA estimates with the Census Bureau data from *Government Finances*, see NIPA table 3.19.

BEA now prepares annual estimates of receipts and expenditures of state governments and of local governments.¹ These estimates are available annually in NIPA table 3.20 (state government receipts and expenditures) and in NIPA table 3.21 (local government receipts and expenditures); see “Newly Available NIPA Tables” in the October 2006 SURVEY.

1. Bruce E. Baker, “Receipts and Expenditures of State Governments and of Local Governments,” SURVEY 85 (October 2005): 5–10.